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FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 9551

C O N F I D E N T I A L SECTION 1 OF 6 PRAGUE 0281

E.O. 11652: GDS

TAGS: PFOR, CZ

SUBJECT: ANNUAL POLICY ASSESSMENT FOR CZECHOSLOVAKIA

REF: (A) STATE 017916; (B) PRAGUE 0241

1. AS AN ADDENDUM TO THE EMBASSY'S PRIMARY SUBMISSION FOR THE ANNUAL POLICY ASSESSMENT (REF B), THE FOLLOWING COMMENTS ARE OFFERED TO THE HELPFUL QUESTIONS PROVIDED IN REF A. WE HOPE THAT THESE COMMENTS WILL BE ON HAND IN TIME TO ASSIST THE DEPARTMENT IN THE POLICY REVIEW PROCESS, FOR THEY INCLUDE ISSUES OF OBVIOUS IMPORTANCE IN CONSIDERING US POLICY. THE DEPARTMENT WILL UNDERSTAND IF MANY COMMENTS ARE SPECULATIVE IN NATURE, BASED UPON SUCH MEAGER INFORMATION AS IS AVAILABLE TO US. THESE COMMENTS ARE KEYED TO PARAGRAPH AND SUB-PARAGRAPH NUMBERS IN REF A.

2. BILATERAL RELATIONS. OUR SPECIFIC RECOMMENDATIONS WERE SET FORTH IN REF B; AS STATED THERE, RATHER THAN MAKING TWO SEPARATE ASSESSMENTS BASED ON THE COURT SUIT OUTCOME, WE RECOMMEND--WHATEVER THE STATUS OF THE SUIT--THAT THE DEPARTMENT PURSUE VIGOROUSLY THE DISCUSSION OF HOW TO SETTLE THE CLAIMS/GOLD IMPASSE ONCE THE LEAGL AND CONGRESSIONAL SITUATION ALLOWS.

AS FOR PROSPECTS FOR THE COMING YEAR AS WE SEE THEM, WE BELIEVE RELATIVELY PROMPT NEGOTIATION OF A SCIENTIFIC-CULTURAL EXCHANGES AGREEMENT IS POSSIBLE, AND IS VERY MUCH IN THE US INTEREST BECAUSE IT WILL "LEGITIMIZE" EXPANDED EXCHANGES IN CZECHOSLOVAK EYES DESPITE THE CONTINUED LONG-GRAVEL PROBLEM. SINCE A

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SIMILAR ROADBLOCK DOES NOT EXIST IN, FOR EXAMPLE,

HUNGARY OR BULGARIA, WE SEE A SPECIAL REASON TO PUSH AHEAD WITH THE EXCHANGES AGREEMENT IN CZECHOSLOVAKIA.

WE BELIEVE RATIFICATION OF THE CONSULAR CONVENTION WILL BE ACCOMPLISHED, BUT HAVE NO INDICATION THE GOC WILL YIELD ON OPENING CONSULATE GENERALS UNTIL SOME MORE SPECIFIC STEP IS TAKEN ON CLAIMS/GOLD. (THIS ISSUE CAN BE USEFULLY RAISED AGAIN WHEN SPACIL VISITS WASHINGTON, OR POSSIBLY WHEN THE TWO NEW AMBASSADORS ARE GOING THROUGH THEIR INITIAL CALLS.) THE GOC IS OBVIOUSLY MAKING A GENUINE EFFORT ON "DIVIDED FAMILIES" (TWO MORE VISAS WERE GRANTED SINCE REFTEL B WAS DRAFTED), AND IT LOOKS TO BE A YEAR OF ACCOMPLISHMENT THERE.

AS STATED IN PRAGUE 0241, WE SEE LITTLE PROSPECT FOR TRADE EXPANSION IN THE NEAR TERM, BUT CONTINUE TO BELIEVE LONG-TERM PROSPECTS ARE GOOD. (IN THE LIGHT OF LONG-GRAVEL, IT IS PERHAPS SOMEWHAT IDEALISTIC TO SPEAK OF MFN AND A TRADE AGREEMENT RIGHT NOW; THESE OBVIOUSLY MUST AWAIT CONSIDERATION FOLLOWING SOME SETTLEMENT OF CLAIMS/GOLD. SINCE WE CONTINUE TO HOPE SUCH A SETTLEMENT WILL PROVE POSSIBLE, WE WISH TO GO ON RECORD AGAIN AS SAYING WE BELIEVE CONCLUSION OF A TRADE AGREEMENT INCLUDING MFN IS OUR MOST POTENT INSTRUMENT FOR EXPANDING US INFLUENCE IN CZECHOSLOVAKIA, AND WE SUGGEST EARLY NEGOTIATIONS TO THIS END AS SOON AS THE CLAIMS/GOLD QUESTION IS SOLVED AND THE GOC FINDS A WAY TO ACCEPT THE REST OF THE TRADE ACT. WE BELIEVE MFN SHOULD HELP MOVE THINGS IN A BETTER DIRECTION HERE, AND THEREFORE IT IS IN OUR INTEREST, COMMERCIAL AND POLITICAL--WITH SUITABLE QUID PRO QUO--TO GRANT IT AS SOON AS POSSIBLE.)

AS FOR THE PRESS PROBLEM, INCLUDING JOURNALISTS' VISAS, WE FRANKLY DO NOT SEE MUCH HOPE FOR GREAT IMPROVEMENT UNTIL SOME LIBERALIZATION MEASURES TAKE PLACE IN THE CSSR AND THE IDEOLOGUES SUFFER SOME RELATIVE DECLINE. THE ISSUE IS DREADFULLY SENSITIVE HERE, FOR SOME OF THE LEADERSHIP STILL SEEMS TO SEE THE DISSIDENTS AND THE MEN OF 1968 AS A REAL THREAT TO THEIR POSITION. WE ARE IN A POSITION OF TRYING TO SHOW THE REGIME THAT IT CAN AFFORD TO RELAX ABOUT THE PRESS; BUT

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AS THE CURRENT ATTACKS ON RFE SHOW (AS WELL AS THE REFUSAL OF A VISA FOR A VOA MAN), THE REGIME IS NOT ABOUT TO BE PERSUADED. AS STATED IN OUR ASSESSMENT, IT REMAINS OUR OBJECTIVE TO CHANGE THIS SITUATION, AND WE MUST KEEP WORKING AT IT; BUT WE EXPECT A GRIM STRUGGLE.

WITH REGARD TO BILATERAL RELATIONS IN THE OVERALL CSCE CONTEXT, A GREAT DEAL WILL DEPEND ON HOW THE 1977 BELGRADE MEETING SHAPES UP IN US POLICY. IF EAST-WEST

DETENTE IS SOUR, AND WE EXPECT OR DESIRE A CONFRONTATION IN BELGRADE, CZECHOSLOVAKIA (INDEED "THE CZECHOSLOVAK QUESTION," CALLING INTO QUESTION THE WHOLE BREZHNEV DOCTRINE) CAN VERY LIKELY BE EXHIBIT NUMBER ONE. (THIS IS NOT BECAUSE IT IS THE MOST REPRESSIVE EE REGIME--IN OUR OPINION IT IS LESS REPRESSIVE THAN THE USSR, ROMANIA OR BULGARIA, AT LEAST --BUT BECAUSE THEY LEGACY OF 1968 MAKES HUSAK AND HIS TEAM STILL VULNERABLE IN THE PUBLIC EYE.) IF SO WE SHOULD KEEP OUR DOSSIERS ACCURATELY AND BE PREPARED TO GO PUBLIC WITH THEM (E.G.ON PRESS, JOURNALISTS' VISAS, DIVIDED FAMILIES, NON-SALE OF WESTERN PUBLICATIONS, ETC.). IN THIS CASE, HOWEVER, WE SHOULD ALSO BE PREPARED FOR EASTERN COUNTER-CHARGES, AND SHOULD LOOK TO OUR OWN RECORD ON SUCH THINGS AS NUMBERS OF CZECH FILMS SHOWN, TELEVISION PROGRAMS BROADCAST, BOOKS TRANSLATED, COPIES OF THE FINAL ACT DISSEMINATED, ETC.: THIS WILL SURELY BE A TIT-FOR-TAT OPERATION. ON THE OTHER HAND, IF PROGRESS IS MADE IN SALT OR ELSEWHERE AND BELGRADE 1977 IS NOT SO MUCH A CONFRONTATION AS A NEW START, PERHAPS WE WILL NOT WANT TO CRITICIZE THE PAST SO MUCH AS TO TRY TO EFFECT THE FUTURE. IT IS THE EMBASSY'S CONTENTION THAT "NORMALIZATION OF RELATIONS" IS THE BEST WAY WE HAVE IN CZECHOSLOVAKIA AS IN THE USSR) TO AFFECT IN LIMITED WAYS THE INTERNAL SITUATION. THEREFORE AS MUCH AS WE DEPLORE THE HARSH TREATMENT GIVEN DISSIDENTS HERE, AND THE TIGHT SITUATION THE MEN OF 1968 ARE STILL IN, WE DO NOT THINK THIS SHOULD BE THE MAIN FOCUS OF OUR RELATIONS WITH THE CSSR. WE SHOULD CERTAINLY CALL ATTENTION TO

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TO SECSTATE WASHDC 9552

C O N F I D E N T I A L SECTION 2 OF 6 PRAGUE 0281

THESE THINGS WHEN NECESSARY, AND MAKE CLEAR OUR STAND

ON HUMAN RIGHTS IN CZECHOSLOVAKIA; BUT OUR MAIN EFFORT SHOULD BE TO HELP THOSE FORCES IN THIS COUNTRY WHICH WILL BE WAGING THEIR OWN STRUGGLE FOR LIBERALIZATION AND A BETTER DOMESTIC SITUATION. WHAT DUBCEK COULD NOT DO IN 1968 WE CANNOT DO FOR HIM IN 1976-7; BUT WE CAN ENCOURAGE TENDENCIES TOWARDS DIVERSITY IN CZECH AND SLOVAK LIFE, WITH A REAL HOPE THAT US INFLUENCE, LIMITED AS IT IS, CAN GRADUALLY HELP THE CZECHS AND SLOVAKS DEVELOP A MORE OPEN LIFE FOR THEMSELVES. IN THIS LATTER VIEW, WHICH WE OBVIOUSLY FAVOR, OUR HOPES OF "CHANGING CZECHOSLOVAKIA" VERY MUCH BEFORE BELGRADE 1977 WILL BE EXTREMELY MODEST, BUT WE WILL CONTINUE TO CITE THE FINAL ACT AS A STANDARD OF BEHAVIOR. ABOVE ALL, WE SHOULD NOT ACCEPT THE COMMUNISTS' CONTENTION THAT WE ARE LOCKED IN A BATTLE OF IDEOLOGIES: THEY HAVE AN IDEOLOGY (WHICH PRECIOUS FEW RUSSIANS AND HARDLY ANY CZECHS OR SLOVAKS BELIEVE IN EXCEPT AS A BADGE AND A SLOGAN); WE HAVE NOT AN IDEOLOGY BUT A COMMITMENT TO EVERY MAN'S FREEDOM TO CHOOSE HIS OWN BELIEF.

3. CZECHOSLOVAK FOREIGN POLICY AND THE SOVIET-CZECHOSLOVAK RELATIONSHIP: THERE IS NOTHING IN CZECH OR SLOVAK HISTORY OR CULTURE THAT MAKES THEM AUTOMATICALLY THE SLAVES OF SOVIET POLICY. ALL OF THE CENTURIES OF SUBORDINATION TO AUSTRIANS AND HUNGARIANS DID NOT SUBJUGATE THE CZECH AND SLOVAK DESIRE FOR AN INDEPENDENT LIFE. AS THE PRAGUE SPRING OF 1968 SHOWED, THE RAW MATERIAL FOR AN INDEPENDENT POLICY IS READY AT HAND-- FAR TOO READY, IN SOVIET EYES. UNFORTUNATELY, THE

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COMMUNIST PARTY, WHICH IN 1945 HAD FAR AND AWAY THE BROADEST POPULAR BASE OF ANY COMMUNIST PARTY IN EASTERN EUROPE, HAS FOSTERED SLAVISHNESS TO RUSSIA AS A KIND OF COVERUP FOR ITS FAILURE TO CONTINUE HOLDING POPULAR SUPPORT: THUS THE OMNIPRESENT SOVIET FLAGS ALONGSIDE THE CZECH ONES AND THE NAUSEATING SLOGANS ABOUT SOVIET LIBERATION IN 1945. IT IS IMPORTANT FOR AMERICANS TO REMEMBER THAT THIS IS HOGWASH, AS FAR AS MOST CZECHS AND SLOVAKS ARE CONCERNED: THE PEOPLE ARE NOT DECEIVED, AND WOULD CHOOSE MORE FREEDOM AND MORE INDEPENDENCE INSTANTLY IF GIVEN A CHOICE. THIS GIVES THE IDEOLOGUES AND POLICE THEIR WEAPON. WHILE MAINTAINING A COMPLEX INTERNAL SITUATION WITH CONSIDERABLE SKILL, THE HUSAK REGIME CANNOT AFFORD TO DEVIATE FROM SOVIET REQUIREMENTS IN SUCH FIELDS AS IDEOLOGY, INTER-PARTY AFFAIRS, AND INTERNATIONAL RELATIONS. WHATEVER SCOPE FOR MANEUVER HUSAK AND HIS SUPPORTERS HAVE MUST BE USED FOR CRUCIAL DOMESTIC QUESTIONS (PARTICULARLY THE HANDLING OF THE DUBCEK SUPPORTERS OF 1968)--THERE IS NO MANEUVERING

ROOM LEFT FOR INTERNATIONAL AFFAIRS. THUS AMBASSADOR SHERER COULD ALWAYS REPORT IN HIS VISITS BACK TO PRAGUE FROM GENEVA THAT HE PAID NO SERIOUS ATTENTION TO WHAT THE CZECH REP SAID, BECUASE HE MERELY PARROTED SOVIET POSITIONS; AND THIS IS TRUE RIGHT DOWN THE LINE.

NEVERTHELESS THERE ARE THREE KINDS OF PRESSURE MOVING CZECHOSLOVAKIA GLACIALLY TOWARDS A MORE INDEPENDENT FOREIGN POLICY POSITION (IN ADDITION TO THE AMBITIONS OF SOME PERSONS LIKE FOREIGN MINISTER CHNOUPKE, WHICH ARE IMPORTANT BUT MORE TRANSITORY IN NATURES). FIRST, THE CZECHS AND SLOVAKS ARE PROUD, AND DO NOT ENJOY BEING PUPPETS. WE CONSIDER THE RECENT SIGNS OF FRESH EMPHASIS ON CZECHOSLOVAK HISTORY OF LONG-TERM SIGNIFICANCE, FOR THE REPUBLIC WAS THE CHILD OF BOTH EAST AND WEST, AND ONE CANNOT TALK ABOUT HISTORY WITHOUT REMINDING THE PEOPLE OF THEIR ANCIENT TRADITIONS OF INDEPENDENCE. THE REASSERTION OF NATIONAL IDENTITY IS THUS MEANINGFUL. SECOND, ECONOMIC NEEDS PROVIDE A REASON FOR CZECHOSLOVAKIA'S DESIREING GREATER INDEPENDENCE. THE SOVIETS HAVE MANY CARDS IN THEIR HAND IN THIS GAME: THEY HAVE THE RAW MATERIALS CZECHOSLOVAKIA REQUIRES, AND THE INCREASING INTEGRATION OF CMEA IS PROBABLY MORE IN CZECHOSLOVAKIA'S

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INTEREST THAN MOST EE COUNTRIES (AT LEAST NOW WHILE RAW MATERIAL PRICE DIFFERENTIALS BETWEEN EAST AND WEST ARE AS GREAT AS THEY ARE)--AND BESIDES, FOR POLITICAL REASONS WE THINK THE RUSSIANS HAVE BEEN NICER TO THE CZECHOSLOVAKS THAN TO MOST OTHERS. STILL THE ADVANCED STATE OF CZECH INDUSTRY IMPELS THEM TOWARDS GREATER INTERACTION WITH THE WEST, TO GET TECHNOLOGY AND MARKETS; AND THESE PRESSURES, FOR ALL THE SOVIETS' STRONG CARDS, WILL NOT GO AWAY. THIRD, THE CZECHOSLOVAKS ARE BOUND TO BE AFFECTED BY THE PRESSURES FOR GREATER INDEPENDENCE AMONG THEIR EAST EUROPEAN NEIGHBORS. THE FACT THAT THEY STAND AS THE HORRIBLE EXAMPLE OF WHAT THE RUSSIANS CAN DO IF THINGS GO TOO FAR--INVADE, AS THEY DID IN 1968--DOES NOT MEAN THE CZECHOSLOVAK LEADERS ARE THE MOST ELOQUENT DEFENDERS OF THE BREZHNEV DOCTRINE. ON PAPER, AND IN THEIR TREATIES, THEY DO DEFEND THE INVASION, ALTHOUGH THE HUSAK LEADERSHIP HAS NEVER GONE SO FAR IN "JUSTIFYING- IT (IN THE POST-HOC LEGAL SENSE) AS THE SOVIETS HAVE PROBABLY WISHED; BUT HUSAK AND A NUMBER OF OTHER LEADERS SYMPATHIZE WITH THEIR MORE INDEPENDENT WARSAW PACT ALLIES, AND AS TIME PASSES (IF THE LEADERSHIP'S POSITION IS MORE SOLID) THEY MAY BE STRONG ENOUGH TO SUPPORT SOME OTHER EE COUNTRIES IN RESISTING SOVIET PRESSURES. WE HASTEN TO ADD THAT THIS LAST PRESSURE IS LONG-TERM, NOT IMMEDIATE: AT PRESENT THE CZECHOSLOVAK LEADERSHIP IS LOCKED IN TO SOVIET HEGEMONIAL AND INTEGRA-

TIONAL PRESSURES WITHIN EASTERN EUROPE. BUT IT IS WELL TO REMEMBER CZECH AND SLOVAK HISTORY, AND THE FACT THAT HUSAK, IMPRISONED FOR SLOVAK CHAUVINSIM, IS NOT THE KIND OF MAN WHO LIKES BEING A PUPPET. OVER TIME, WE HOPE THE CZECHOSLOVAKS WILL CEASE BEING THE RUSSIANS' TOTALLY DEPENDABLE ALLY, BECUASE OF THESE LONG-TERM PRESSURES. BUT SUCH CHANGE IS MOSTLY POTENTIAL, NOT ACTUAL.

4. INTERNATIONAL AND INTRA-BLOC RELATIONS. IN POSING THE SPECIFIC QUESTIONS IN THIS PARAGRAPH, THE DEPARTMENT ALLUDES TO SOVIET-CZECH INTERACTION, POLICY DISAGREEMENTS WITHIN THE CZECHOSLOVAK LEADERSHIP, AND CZECH FOREIGN POLICY. AS WE STATED IN PARA 4 OF REF B, WE DO NOT ANTICIPATE ANY MAJOR CHANGES OF DIRECTION AT THE KSC FIFTEENTH CONGRESS IN APRIL. SINCE CONTINUITY HAS ALSO

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C O N F I D E N T I A L SECTION 3 OF 6 PRAGUE 0281

BEEN THE THEME OF THE DEPARTMENT'S AND EMBASSY MOSCOW'S COMMENTARY ABOUT THE FEBRUARY CPSU CONGRESS, WE DO NOT BELIEVE THAT PREPARATIONS FOR THE TWO CONGRESSES ARE PLACING ANY IMPORTANT STRAINS ON MOSCOW-PRAGUE RELATIONS AT PRESENT. (WE SAY THIS IN THE BELIEF THAT HUSAK IS NOW RATHER FIRM IN THE SADDLE; SEE BELOW.) THERE WERE STRAINS DURING 1975, WE BELIEVE, WHEN PRESIDENT SOVOBODA'S SUCCESSION HAD TO BE DEALT WITH AND THERE WAS MUCH MANEUVERING FOR POSITIONS AMONG THE CZECH AND SLOVAK

LEADERS AND THUS FOR SOVIET SUPPORT. WHILE WE MAY BE WRONG, WE THINK THIS PRE-CONGRESS MANEUVERING HAS LARGELY BEEN ACCOMPLISHED; THEREFORE WE DO NOT SEE ANY GREAT CHANGE COMING IN THE USSR-CSSR RELATIONSHIP. (THERE ARE INDEED PERIODIC RUMORS OF A SOVIET TROOP WITHDRAWAL, FULL OR PARTIAL, AND THE EMBASSY HAS STATED ITS VIEW THAT THE TROOPS ARE NOT NEEDED TO MAINTAIN INTERNAL STABILITY. HOWEVER, THE STRATEGIC IMPORTANCE OF THE TROOPS, AND THEIR RELEVANCE TO MBFR, ARE LARGE FACTORS AGAINST UNILATERAL REDUCTION OR WITHDRAWAL. AND WHILE MOSCOW IS CAMPAIGNING FOR GREATER INTEGRATION AND ORTHODOXY AMONG ITS EE CLIENTS, WE FIND IT HARD TO PICTURE A TROOP WITHDRAWAL, WHICH TO MANY WOULD STILL SYMBOLIZE A KIND OF POST-HOC VICTORY FOR DUBECK AND PLURALISM. IN ADDITION TO WHAT WE BELIEVE TO BE CONTINUOUS USSR-CSSR STRAIN ABOUT HOW TO DEAL WITH THE REMNANTS OF 1968, THE ECONOMIC ELEMENT IS AN IMPORTANT SOURCE OF FRICTION (SEE A BELOW). NEVERTHELESS, GIVEN HUSAK'S OBVIOUS DEPENDENCY ON MOSCOW AND THE SOVIETS' OBVIOUS INTEREST IN KEEPING CZECHOSLOVAKIA STABLE, WE BELIEVE CZECHOSLOVAKIA REMAINS IN SOVIET HANDS, WITH ALL

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DIFFERENCES UNDER CONTROL AND CZECH POLICY (ESPECIALLY IN INTERNATIONAL MATTERS) TIGHTLY BOUND TO MOSCOW'S. (THE QUESTION OF DIFFERENCES WITHIN THE LEADERSHIP HERE IS TOUCHED ON BELOW IN PARA 6. COMMENTS ON THE DEPARTMENT'S SPECIFIC QUESTIONS IN PARA 4 FOLLOW.)

(A) EFFECT OF SOVIET RAW MATERIAL PRICE INCREASES. AS ELSEWHERE IN EE, THE EFFECT WILL BE CONSIDERABLE. BECAUSE OF THEIR ADVANCED INDUSTRIALIZATION, THE CZECHS ARE PARTICULARLY VULNERABLE TO THESE INCREASES; BUT WE SUSPECT THE SOVIETS ARE TAKING THIS (AND THE POLITICAL NEED FOR STABILITY) INTO ACCOUNT AND ARE OFFERING MORE COMPENSATION TO THE CZECHS THAN TO OTHER EE COUNTRIES. NEVERTHELESS THE STRAIN WILL BE FELT. WHILE CZECHOSLOVAKIA'S ECONOMIC TIE-IN WITH THE USSR AND THE REST OF CMEA IS INCREASING, ITS ECONOMIC RELATIONS WITH THE WEST MUST REMAIN IMPORTANT (IF ITS ECONOMY IS NOT TO STAGNATE OR REGRESS IN RELATIVE TERMS), AND THIS MAKES IT SENSITIVE TO INFLATIONARY PRESSURES. THE DEEPER EFFECTS OF SOVIET PRICE INCREASES, WE BELIEVE, WILL BE FELT IN THE EVOLUTION OF THE "POLITICAL ECONOMY" OF THE COUNTRY: THE NEED WILL BE INCREASED FOR CZECHS AND SLOVAKS TO WORK HARDER AND TO MAKE THEIR ECONOMY FUNCTION BETTER, BUT THE POST-1968 APATHY (AND THE EXCLUSION OF SO MANY TALENTED MANAGERS AFTER 1969) WORKS AGAINST THIS NEED. SOME OBSERVERS FORESEE A SITUATION LIKE THAT OF THE LAST FEW NOVOTNY YEARS, WHEN GROWTH WAS MINIMAL AND STAGNATION HAD OBVIOUSLY SET IN. ALL THE POLITICAL

DISSIDENTS SPEAK ALREADY OF MORAL STAGNATION: IF A FEELING OF ECONOMIC STAGNATION IS ADDED TO THIS, IT MAY HAVE SERIOUS CONSEQUENCES. WE NOTE, IN THIS REGARD, THAT THE PLANNED YEARLY GROWTH RATE FOR NATIONAL INCOME BETWEEN 1976 AND 1980 IS 5.0 PERCENT, DOWN FROM NEARLY 5.6. PERCENT IN 1971-75 AND FROM AROUND 5.8 PERCENT DURING PREVIOUS FY PERIOD. THE MOST THOUGHTFUL CZECHS AND SLOVAKS SEE INVIGORATION OF THE ECONOMY BY MORE INTERACTION WITH THE WEST AS THEREFORE EXTREMELY IMPORTANT. THE QUESTION CANNOT SIMPLY BE SOLVED BY TURNING TO THE MIDDLE EAST FOR MORE OIL, ALTHOUGH THE CZECHS WILL HAVE TO DO SOME OF THIS. BUYING MIDDLE EAST OIL BRINGS WITH IT THE NEED TO SELL MORE GOODS OUTSIDE THE SOCIALIST WORLD, AND EVENTUALLY ONE RETURNS TO THE CONFIDENTIAL

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CHALLENGE OF INVIGORATION THE ECONOMY.

(B) ON THE SURFACE, THE CZECHOSLOVAKS PROBABLY HAVE LESS REASON TO RESIST SOVIET ECONOMIC INTEGRATION EFFORTS THAN ANY OTHER EE COUNTRY. THEY ARE DEPENDENT ON SOVIET RAW MATERIALS, AND THE SOCIALIST COUNTRIES OFFER THE EASIEST MARKET FOR CZECH INDUSTRIAL PRODUCTS, SALES OF WHICH ARE FACING INCREASING RESISTANCE IN THE INDUSTRIALIZED WEST BECAUSE OF DECLINING QUALITY AND PERFORMANCE CHARACTERISTICS. BESIDES, THE POLITICAL SITUATION IMPELS THE HUSAK REGIME TO SUPPORT THE SOVIET POSITION IN ALL FORUMS. NEVERTHELESS WE BELIEVE MORE THOUGHTFUL CZECHS AND SLOVAKS KNOW THAT (AS NOTED ABOVE) SUCH INTEGRATION IMPLIES EVENTUAL STAGNATION, AND THERE MUST BE SYMPATHY AMONG YOUNGER AND BRIGHTER ECONOMISTS FOR KEEPING THE WESTERN OPTION OPEN AND THUS AVOIDING TOO TIGHT INTEGRATION INTO THE SOVIET SCHEME OF THINGS. AS IS THE CASE WITH ECONOMIC REFORMERS, HOWEVER, WE ARE NOT SURE THESE PEOPLE GET MUCH OF A HEARING. FOR THE PRESENT FIVE-YEAR-PLAN PERIOD, THEN, WE EXPECT TOO SEE THE CSSR MAINLY SUPPORT SOVIET INTEGRATION PRESSURES.

(C) THE LEADERSHIP ABHORS THE IDEA OF "THE CZECHOSLOVAK QUESTION" (I.E., THE LEGITIMACY OF THE SITUATION IMPOSED BY THE WARSAW PACT INVASION OF 1968) COMING UP IN ANY INTERNATIONAL FORUMS, CERTAINLY INCLUDING THE EUROPEAN COMMUNIST PARTY CONFERENCE (ECPC). HUSAK'S BITTERNESS AT SWEDISH PRIME MINISTER PALME FOR SPOTLIGHTING "THE QUESTION" LAST APRIL WAS GENUINE, AND WE SUSPECT THERE IS CONSIDERABLE FRICTION NOWADAYS WITH THE COMMUNIST PARTIES OF ITALY, FRANCE, SPAIN AND OTHERS ABOUT THE POSSIBILITY OF THE TOPIC BEING RAISED AT THE ECPC. IN OUR VIEW, HUSAK HAS LITTLE TO OFFER THE OTHER CPS TO GET THEM TO LAY OFF; THEREFORE HE HAS OPTED FOR ELICITING SOVIET HELP IN QUASHING THE QUESTION (WHICH IS IN THE SOVIET INTEREST TOO, OF COURSE). FOR THE

PRESENT THIS ALSO SERVES SOVIET ENDS BY HELPING KEEP
HUSAK FROM FORMING ANY KIND OF SOLID FRONT WITH THE
OTHER EE COUNTRIES ON ECONOMIC MATTERS AND THE LIKE.
(IN THIS CONTEXT, THE STRONGER HUSAK GETS, AND THE
LESS CONTROVERSIAL "THE CZECHOSLOVAK QUESTION"
BECOMES, THE LESS HE WILL BE IN THE SOVIET GRIP.)
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C O N F I D E N T I A L SECTION 4 OF 6 PRAGUE 0281

(D) IT FLOWS FROM WHAT IS STATED IN (C) ABOVE
THAT THE CZECHOSLOVAKS ARE AT ODDS WITH THE YUGOSLAVS
OVER "THE CZECHOSLOVAK QUESTION." THE BREZHNEV
DOCTRINE IS ANATHEMA TO THE YUGOSLAVS, AND THEY AND
THE ROMANIANS STRIVE TO ENCOURAGE NORMALIZATION OF
THE SITUATION IN CZECHOSLOVAKIA SO THAT HUSAK WILL
NOT BE SO MUCH IN MOSCOW'S POCKET. BUT FOR THE
PRESENT THE CZECHOSLOVAK LEADERS PROBABLY RESENT THE
YUGOSLAV TENDENCY TO KEEP 1968 ALIVE, AND THE HARD-
LINERS HERE ARE WILLING AND EAGER TO HELP MOSCOW
AGAINST BELGRADE. THUS THE CONSTANT PRESS SNIPING,
AND THUS THE APPARENT CZECH COOPERATION IN THE
COMINFORMISTS' ACTIVITIES. ECONOMIC TIES MEANWHILE
ARE BECOMING MORE IMPORTANT, AND THERE IS IMMENSE
POPULAR SYMPATHY IN CZECHOSLOVAKIA FOR THE YUGOSLAVS
(PROBABLY THE ONLY PEOPLE IN EASTERN EUROPE THE CZECHS
ACTUALLY LIKE), SO THERE IS LONGER TERM PRESSURE FOR

IMPROVING RELATIONS. (REGARDING THE DEPARTMENT'S INTRIGUING QUERY ABOUT THE POSSIBLE VALUE OF CONSULTING WITH THE CZECHS ABOUT BALKAN STABILITY, GIVEN CZECH BUREAUCRATIC TIMIDITY RIGHT NOW, WE SEE LITTLE HOPE OF A MEANINGFUL EXCHANGE. WE BELIEVE US-CSSR RELATIONS MUST IMPROVE SOMEWHAT, AND NEW AMBASSADORS PRACTICE FIRST ON OTHER LESS SENSITIVE TOPICS, BEFORE WE CONSIDER TRYING THIS ONE OUT.)

(E) WITH REGARD TO CZECHOSLOVAKIA'S STRIVING FOR MORE "PERSONAL" TIES WITH THE WEST (AND THE NON-ALIGNED WORLD), WE SEE THIS FIRST OF ALL AS AN ATTEMPT TO REESTABLISH A CZECHOSLOVAK IMAGE OF SEPARATE IDENTITY AND SOVEREIGNTY AFTER 1968. THE
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DRIVE FOR INTERNATIONAL ACCEPTANCE IS GREAT, AND WE MUST REMEMBER THAT UNTIL THE HELSINKI CONFERENCE HUSAK HAD PERSONALLY BEEN ONLY TO INDIA AND FINLAND OUTSIDE THE SOCIALIST WORLD. (THE FOREIGN MINISTER'S PERSONAL AMBITIONS DRIVE HIM IN THE SAME DIRECTION, OF COURSE.) BEYOND ACCEPTANCE, HOWEVER, WE SEE THIS ACTIVIZATION OF INTERNATIONAL RELATIONSHIPS AS THE ONLY SPHERE OF ENDEAVOR OPEN TO THE CSSR, GIVEN ITS TOTAL DEPENDENCE UPON THE SOVIET LEAD IN FOREIGN POLICY. IT MAY BE NON-SUBSTANTIVE, BUT IT IS SOMETHING. THE SETTling OF CZECHOSLOVAKIA'S MAJOR CLAIMS NEGOTIATIONS (ESPECIALLY WITH THE US, FRG, AUSTRIA, US AND FRANCE) WAS OF PARTICULAR SIGNIFICANCE, WHICH IS ONE REASON WHY THE FAILURE OF THE US CLAIMS NEGOTIATION (THE ONLY FAILURE) HURT SO BADLY. THE REESTABLISHMENT OF AN INTERNATIONAL IDENTITY IS NO DOUBT OF SPECIAL USE TO CZECHOSLOVAKIA WITHIN THE WARSAW PACT, WHERE ITS SUBSERVIENCE TO SOVIET DESIRES IS A SORE POINT: HOWEVER, WE BELIEVE ITS REPUTATION THERE DEPENDS MAINLY ON THE HUSAK TEAM'S RECORD IN PARTY AND INTER-PARTY MATTERS. THE ACTIVE INTERNATIONAL ROLE IS ESPECIALLY HELPFUL IN SOOTHING THE WOUNDED PRIDE OF CZECHS AND SLOVAKS. MOST IMPORTANTLY, IT ASSERTS CZECHOSLOVAKIA'S IDENTITY AND THUS IS A NECESSARY PRELIMINARY TO THE COUNTRY'S EVENTUAL ABILITY TO DISTANCE HERSELF ONCE AGAIN FROM SOVIET TUTELAGE.

5. CZECHOSLOVAKIA AT THE UN. WHEN AMBASSADOR SHERER LEFT PRAGUE FOR NEW YORK, HE SAID HE DID NOT EXPECT TO SEE THE CZECHOSLOVAK REP ANY MORE INDEPENDENT OF SOVIET POSITIONS THAN HIS COUNTERPART HAD BEEN AT CSCE. NO DOUBT HE WOULD CONFIRM THIS IF ASKED TODAY. AS THIS ENTIRE ASSESSMENT INDICATES, HUSAK HAS NO LEEWAY IN INTERNATIONAL QUESTIONS ON WHICH THE USSR TAKES A STAND: THERE IS NO WAY HE CAN FAIL TO FOLLOW

SOVIET INSTRUCTIONS. AS THIS EMBASSY INDICATED WHEN THE FIRST INSTANCE OF RETALIATION CAME UP OVER HOW THE COMMUNIST COUNTRIES VOTE AT THE UN (OVER THE PUERTO RICO ISSUE), WE DO NOT BELIEVE WE SHOULD HARM OUR ALREADY FEEBLE BILATERAL RELATIONS WITH CZECHOSLOVAKIA OVER VOTES DICTATED TO PRAGUE BY MOSCOW. IT IS NOT CONFIDENTIAL

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EXACTLY A NEW PHENOMENON AT THE UN TO FIND THE COMMUNIST COUNTRIES VOTING AGAINST US. WE ENDURED THRITY YEARS OF SUCH VOTES, WHILE PROCEEDING TO WORK OUT OUR RELATIONS WITH THE COMMUNIST COUNTRIES ACCORDING TO OUR LARGER INTEREST; WE SEE NOTHING IN THE US NATIONAL INTEREST TO INDUCE US TO CHANGE THIS POLICY NOW. IF WE CAN GET MOSCOW TO WORK WITH US IN ANY GIVEN AREA, THEN WE CAN EXPECT HER AND HER CLIENTS LIKE CZECHOSLOVAKIA TO AMEND THEIR VOTING PATTERS IN NEW YORK; SO LONG AS WE ARE WORKING OPPOSITE SIDES OF THE FENCE, WHICH IS THE NORM, THEY WILL BE VOTING AGAINST US. WE DO NOT BELIEVE ANY AMOUNT OF RETALIATION AGAINST CZECHOSLOVAKIA BY THE US WILL CHANGE THIS SITUATION FOR THE FORESEEABLE FUTURE.

6. THE INTERNAL SCENE.

(A) POLITICAL. "HOW STRONG IS HUSAK" IS THE MOST DISCUSSED QUESTION AMONG POLITICAL OBSERVERS IN PRAGUE, AND FOR ALL OUR TALK ABOUT HIS VULNERABILITIES, HE KEEPS ON KEEPING ON. THE EMBASSY'S LATEST VIEWS ARE IN PRAGUE 3092 (1975), IN WHICH WE CAUTIOUSLY CONCLUDED THAT HUSAK'S MOSCOW VISIT IN DECEMBER SYMBOLIZED THE BLESSING OF THE SOVIET POLITBURO UPON HIM AND HIS COMRADES, WITH THE PROSPECT OF A FIRMER LEADERSHIP EVENTUALLY YIELDING THE SELF-CONFIDENCE NECESSARY TO RUN A MORE DECENT COUNTRY. CERTAINLY THERE IS STILL GREAT DISSENTION WITHIN THE LEADERSHIP, AND HUSAK COULD STILL SLIP: BUT MOST OBSERVERS HERE AGREE THAT HUSAK WILL REMAIN IN HIS POSITION OF PRIMUS INTER PARES FOR THE CONGRESS AND POST-CONGRESS PERIOD. THE DESIRE AND NEED TO LET SOME OF THE HALF-MILLION EXCLUDED FROM THE PARTY AFTER 1968 BACK IN REMAINS A HIGHLY CONTENTIOUS ISSUE, AND WE HAVE NOT CHANGED OUR LONG-STANDING VIEW THAT THE HARDER-LINE ELEMENTS STILL BLOCK ANY PROGRESS TOWARDS FORGIVENESS. IF THE CONGRESS TAKES ANY LIBERALIZING STEP IN THIS DIRECTION, IT WILL SHOW MORE STRENGTH ON HUSAK'S PART THAN MANY SUSPECT HE HAS. AS THE DEPARTMENT'S QUESTION INDICATES, THERE IS A GROWING BUILT-IN-NESS ABOUT THE EXCLUSION OF THE HALF MILLION: THOSE WHO TOOK THEIR JOBS AND PARTY ROLES (MANY HACKS, CONFIDENTIAL

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TO BE SURE, BUT ALSO SOME BLAMELESS YOUNGER PEOPLE) DO
NOT WANT TO STEP ASIDE, AND THE STAGNATION OF THE COUNTRY
WHICH THE DISSIDENTS TALK ABOUT IS NOT OPPRESSIVE
ENOUGH TO MAKE IT ESSENTIAL TO

LET THE HALF MILLION

BACK IN. STILL, THE PRESSURE IS THERE FOR SOME KIND
OF LIBERALIZATION, AND ECONOMIC COMMON SENSE ADDS TO
IT. THE PRINCIPAL REASON NOT TO LIBERALIZE HAS BEEN THE
FEAR OF LOOKING LIKE AN APOLOGIST FOR 1968: IF TSAK
PRESSES TO LET DUBCEK'S LOYALISTS BACK IN THE PARTY,
WILL THIS NOT

RENDER HIM LIABLE TO ATTACK FROM HIS
OPPONENTS AS A COMPROMISER? IN THE EMBASSY'S VIEW

THEREFORE, THE HOPE FOR CREATING A BETTER SITUATION
IN THIS SAD COUNTRY IS NOT BY PRESSURE FROM THE
OUTSIDE (AS INDICATED IN JAN TRISKA'S ARTICLE IN THE
NEW "PROBLEMS OF COMMUNISM") BUT BY A NORMALIZATION
INSIDE WHICH WILL GIVE THE LEADERSHIP THE STRENGTH TO
"FORGIVE" 1968. NOW ANYONE WHO DARES TO SAY THIS WILL
LOOK SOFT ON THE BREZHNEV DOCTRINE, AND INSENSITIVE TO
THE SUFFERING OF THE EXCLUDED OF 1968. BUT
THE FACT

OF INTERNATIONAL POLITICS IS THAT THE WEST COULD NOT
OR DID NOT PREVENT THE WARSAW PACT FROM CRUSHING

CZECHOSLOVAKIA IN 1968, CONSEQUENTLY WE ARE NOT ABLE

TODAY TO REPAIR THE TRAGIC RESULTS BY MORAL FORCE
APPLIED FROM OUTSIDE. OUR POSITION TOWARDS THE HUSAK
REGIME IS THUS THE SAME AS TOWARDS THE BREZHNEV REGIME:
OUR BEST HOPE OF MOVING IT TOWARDS GRANTING ITS
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SUBJECTS' WISHES IS THROUGH "NORMALIZATION OF RELATIONS," OR "DETENTE," BUT NOT THROUGH CONFRONTATION. IN SAYING IT WE DO NOT MEAN TO DEPICT HUSAK AS A LIBERAL. HE IS NO MORE OF A DEMOCRAT THAN MOST COMMUNISTS WE KNOW, BUT WE DO BELIEVE HE IS A PATRIOT, AND WE THINK HE IS OPEN-MINDED ENOUGH TO KNOW THAT HIS COUNTRY'S FUTURE IS BEST ASSURED BY TRYING TO HEAL SOME OF THE OPEN WOUNDS OF THE PAST.

(B) THE ECONOMY. THE ECONOMY IS SORT OF LIKE HUSAK, FOR ALL OUR WORRIES ABOUT IT IT KEEPS ON KEEPING ON. BOTH WE AND INTELLIGENCE ANALYSTS BACK HOME HAVE PRODUCED SOME UNANSWERABLE ARGUMENTS DURING THE PAST YEAR AS TO WHY THE CZECHS WOULD GO FOR MORE WESTERN CREDITS, OR WHY SOME ECONOMIC REFORM WOULD TAKE PLACE, OR WHY BAD TROUBLE WOULD COME. NONE OF THESE HAS REALLY HAPPENED, AND THE ECONOMY IS PERFORMING TOLERABLY. THE GROWTH RATE IS DOWN, AND QUALITY IS CERTAINLY GIVING PROBLEMS (ESPECIALLY IN THE EXPORT SPHERE); BUT WE CANNOT REALLY PREDICT THAT DURING THE NEXT FIVE-YEAR-PLAN THE CSSR WILL HAVE ANY DIRE TROUBLE IN KEEPING THE ECONOMY GOING AND MEETING PLANNED GOALS MODEST

THOUGH THEY MAY BE. POPULAR ATTITUDES ARE REALLY VERY IMPORTANT IN THIS RESPECT, AND WE THINK MANY CZECHS AND SLOVAKS SEE THE ECONOMIC SITUATION AS IMPROVING SLIGHTLY. THE RECESSION IN THE WEST HAS BEEN OF GREAT PSYCHOLOGICAL IMPORTANCE IN THIS REGARD: PROTRUDING INTO GERMANY AS THE CZECHS DO, THEY ARE INTIMATELY AWARE OF PRICES AND OF ECONOMIC CONDITIONS (AND DO NOT NEED THE OVERSTATED OFFICIAL PROPAGANDA TO LULL THEM), AND BY COMPARISON THEY DO NOT SEEM SO BADLY OFF TODAY. THIS DOES NOT MEAN PEOPLE WANT TO WORK ANY HARDER: ENTHUSIASM IN THIS COUNTRY IS FOUND ONLY IN PRESS AND IN DRIVING OUT OF TOWN ON FRIDAYS. EVERYBODY IS OUT TO FEATHER HIS OWN NEST IN A WAY THAT HAS BECOME THE STANDARD NATIONAL JOKE, AND BRIBERY AND CORRUPTION ARE COMMONPLACE. (COMPETITION FOR GOODS AND PERQUISITES IS SHARP: CURRENTLY THERE IS CONSIDER-
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ABLE HARD FEELING BY BUREAUCRATS AND WORKERS BECAUSE THE RURAL POPULATION HAS ENRICHED ITSELF SO NOTICEABLY AS A RESULT OF DEVELOPMENT FUNDS POURED INTO AGRICULTURE IN THE LATE SIXTIES.) FOR ALL THEIR PROBLEMS, THOUGH, THE ECONOMY IS WORKING, AND AS WE SAID IN REFTEL B, WE EXPECT IT TO KEEP ON MUDDLING THROUGH IN AN ACCEPTABLE FASHION.

THE DEPARTMENT'S QUESTION AS TO WHETHER THE SOVIETS ARE MILKING OR SUBSIDIZING CZECHOSLOVAKIA IS A

GOOD ONE. BUT IN VIEW OF THE POST-WAR RECORD OF CZECH/SOVIET ECONOMIC RELATIONS, THERE ARE SOME WHO WILL ARGUE THAT ANYTHING THE SOVIETS ARE DOING FOR CZECHOSLOVAKIA NOW SHOULD BE SEEN AS PAYMENT FOR PAST ABUSES RATHER THAN AS SUBSIDY. THEY NEED ONLY POINT TO THE SEVERE RESTRICTIONS INTRODUCED INTO THE CZECHOSLOVAK ECONOMY AS A RESULT OF SOVIET PRESSURE IN THE EARLY FIFTIES, WHEN THE CZECHS WERE FORCED INTO EXPANDING HEAVY INDUSTRY MUCH FASTER THAN THEIR ECONOMY COULD TOLERATE. AS ONE RESULT THE SOVIETS

SHOULD NOT TURN AWAY FROM THEM WITH MATERIAL HELP NOW THAT THE FRUIT OF THAT MISBEGOTTEN POLICY HAS TURNED SOUR. IRRESPECTIVE OF THIS ARGUMENT, HOWEVER, WE DO BELIEVE (AS STATED IN REFTEL B) THAT SOVIET SUBSIDIZATION NOW EXISTS AND MAY BE INCREASING, IN COMPARISON WITH THE OTHER EAST EUROPEAN COUNTRIES. BUT THE FACT THAT THE CSSR IS GETTING A BETTER DEAL (CLEARLY FOR POLITICAL REASONS) FROM THE USSR THAN IS ROMANIA OR HUNGARY DOES NOT NECESSARILY MEAN THAT

CZECHOSLOVAKIA IS NOT BEING MILKED. WITHIN THE PECULIAR REVERSE-COLONIALISM RELATIONSHIP OF THE USSR TO THE EAST EUROPEAN COUNTRIES (POLITICAL OVERLORDSHIP RESIDING IN THE RAW MATERIAL SUPPLIER RATHER THAN IN THE INDUSTRIALIZED PARTNERS), WE BELIEVE THE USSR TO BE THE MAIN BENEFICIARY, IN CZECHOSLOVAKIA AS IN THE REST OF EE. ONE CANNOT SEPARATE ECONOMICS FROM POLITICS. THIS MATTER OF THE LONG-TERM SOVIET DRIVE TO BIND EASTERN EUROPE INTO ITS ECONOMY (AND ITS

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POLITICAL SYSTEM) SEEMS TO US MUCH MORE ADVANTAGEOUS TO THE USSR THAN TO EASTERN EUROPE: THE NATURAL

TENDENCY IN EE TO LOOK WESTWARD REFLECTS THIS REALITY.

BEFORE THE CZECHOSLOVAKS, WE BELIEVE, EVEN IF OVER THE SHORT TERM THEY BENEFIT FROM SOVIET FAVORITISM, OVER THE LONG TERM SHARE THE EE INTEREST IN NOT BEING TOTALLY BOUND IN TO THE SOVIET ECONOMY.

(C) CZECH-SLOVAK DIFFERENCES. ONE OF THE SADDEST THINGS ABOUT LONG-GRATEL IS THAT IT PREVENTED US FROM OPENING OUR CONSULATE-GENERAL IN BRATISLAVA, JUST WHEN

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OUR BUILDING WAS REFURNISHED AND AS CZECH-SLOVAK

RELATIONS ARE OF SUCH IMPORTANCE. THIS WOULD BE AN IDEAL LISTENING POST IN "THE OTHER CAPITAL," BUT AT PRESENT WE HAVE LITTLE INSIGHT INTO SLOVAK POLITICS. (THUS WE CANNOT ANSWER THE QUESTION HELPFULLY ABOUT SLOVAK FACTIONALISM, ALTHOUGH WE HEAR RUMORS OF PRE-CONGRESS PERSONNEL SHIFTS GOING ON WHICH REFLECT SOME RE-ALIGNMENT, BUT WHETHER TO HUSEK'S ADVANTAGE OR DISADVANTAGE WE CANNOT YET SAY.) AS THE EMBASSY HAS COMMENTED IN MANY MESSAGES, WE FEEL THIS FRICTION BETWEEN CZECHS AND SLOVAKS IS OF MUCH MORE IMPORTANCE THAN MOST OUTSIDE OBSERVERS CREDIT. THE FEDERALISM WHICH IS THE ONLY THING LEFT FROM THE DUBCEK ERA IS A CUMBERSOME THING WHICH INVOLVES INEFFICIENCY AND HARD FEELINGS: WE ARE NOT SURE IT IS REALLY "WORKING." ON THE ECONOMIC PLANE, ALL CZECHS ARE KEENLY AWARE OF THE SUBSIDY THEY ARE PROVIDING SLOVAKIA--COUPLED

WITH A BLATANT TILT OF POLITICAL CONTROL IN THE SLOVAKS'

ENRICHING THEMSELVES IN THIS MANNER. WITHIN THE PARTY, THESE FRICTIONS COME TO ROOST IN RESENTMENT ABOUT THERE BEING A SLOVAK PARTY BUT NO CZECH PARTY, AND IN THE PRESIDENCY AND THE GENERAL SECRETARYSHIP NOW BEING IN ONE MAN'S HANDS. IN OUR VIEW, THIS CONSTITUTES THE MAIN PRESSURE TOWARDS HUSAK'S GIVING UP ONE OF HIS POSTS (FOR THE OLD RUMORS HAD IT THAT CZECH WOULD BECOME PARTY LEADER). THE STRONG RESISTANCE TO CONCESSIONS TO THE CZECHS COMES MAINLY, WE BELIEVE, FROM

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RELUCTANCE NOT TO DISTURB THE STATUS QUO IN ANY WAY. UNTIL SOME MEASURES ARE TAKEN TO SOOTH CZECH FEELINGS. HOWEVER, WE DO EXPECT CZECH-SLOVAK DIFFERENCES TO REMAIN RATHER THAN TO GO AWAY, AND PROBABLY TO GROW RATHER THAN STAY AT PRESENT LEVELS.

THROUGHOUT OUR ANSWERS TO THESE QUESTIONS, WE ARE CONSCIOUS OF BEING PREY TO THE DIPLOMATS DISEASE OF

NEVER PREDICTING MORE OF THE SAME. IT IS TRUE THAT IN EVERY SPHERE--THE LEADERSHIP, THE HANDLING OF THE 1968 PEOPLE, THE ECONOMY, CZECHOSLOVAK DIFFERENCES--THERE ARE SERIOUS PROBLEMS, AND CHANGE WOULD SEEM IN MANY CASES TO BE RECOMMENDED. WE REMAIN AWARE, HOWEVER, THAT CZECHOSLOVAKIA IS STILL IN THE POST 1968 ERA, WITH ALL THE TENSIONS AND BITTERNESS THIS IMPLIES. WHEN HUSAK CAME IN, IN 1969, FEW IMAGINED THE PATCHWORK SYSTEM HE INHERITED WOULD KEEP WORKING WITHOUT MAJOR OVERHAUL OR REVISION. BUT IS HAS. AND ANY EFFORTS TO CHANGE IT BEINGS DANGER EQUAL TO THE REMEDY. THEREFORE IT IS HARD TO FORESEE IMPORTANT CHANGE UNTIL THE SITUATION IS FIRMER THAN IT HAS PROVED TO BE UP TO NOW. SO UNLESS BIG CHANGES OCCUR IN MOSCOW OR ELSEWHERE IN EASTERN EUROPE, WE WILL CROSS OUR FINGERS AND PREDICT MORE OF THE SAME OLD UNHAPPY, UNSATISFACTORY--BUT SEEMINGLY TOLERABLE--SITUATION.

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